

Intro:	<a href="#"><u>00:04</u></a>	This is forced for hire a deep dive into private military contracting and how it's transforming the battlefield. I'm Michelle Harven and I'm Desmond Farris. Today we'll be taking a journey into the Persian Gulf, Saudi Arabia and the United Arab Emirates are known for their massive defense establishments. Both countries are exceptionally wealthy. And since, they're located in a volatile part of the world they've spent huge sums on defense. In 2017 Saudi Arabia spent over \$69 billion on its military. For decades, American defense and security contractors received a large share of that spending.
Desmon Farris:	<a href="#"><u>00:42</u></a>	It may or may not surprise you to know that the U.S. Is Saudi Arabia's largest weapons supplier and the UAE isn't that far behind. With so much money in play both the Saudis and Emirates have wielded considerable influence in Washington through their lobbying and buying power. Saudi Arabia was president Trump's first foreign visit when he took office and when he was there, he discussed a major weapons deal.
Pres. Donald Trump:	<a href="#"><u>01:08</u></a>	This landmark agreement includes the announcement of a \$110 billion Saudi funded defense purchase, and we will be sure to help our Saudi friends to get a good deal from our great American defense companies. The greatest anywhere in the world.
Michelle Harven:	<a href="#"><u>01:28</u></a>	For its part, the UAE has built one of the most formidable militaries in the Arab world, even though it has a population that's a fraction of countries like Egypt, Iraq, and Syria with fewer than 10 million inhabitants, the UAE has relied on foreigners for nearly every sector of its society, including the military. For decades, both Democratic and Republican administrations in the U.S. have been happy to do business with a Saudi and UAE militaries for both account our way to Iran and a market for American military contractors.
Desmon Farris:	<a href="#"><u>02:03</u></a>	This has come with a cost, especially since the Saudis and the UAE launched a war four years ago against Iranian supported rebels in Yemen. The war turned into a humanitarian disaster, which by the UN's estimates will reach 230,000 deaths by the end of 2019 now, Washington is coming under international criticism as American weapons are used to kill Yemeni civilians. In April, President Trump vetoed a bipartisan congressional resolution that would have forced and end to American involvement in the Yemen war.
Sen. Mike Lee:	<a href="#"><u>02:37</u></a>	Our activities of course have changed dramatically since 1976 or war in today's America increasingly relies on high technology solutions or our wars have involved cyber activity or

reconnaissance surveillance and high tech target selection. These, by the way, Mr President, are the precise activities that we are undertaking ourselves in Yemen. It's not just that we're involved somehow at the sidelines. These activities themselves constitute war.

Michelle Harven: [03:11](#) If it sounds like a geopolitical nightmare, you're not wrong. So today we are attempting to untangle this and understand more of the Persian gulf's relationship with private military contractors and with the U.S. let's start with a look at the UAE's unique relationship with the industry. For that, we turned to Dr Theodore Karasik.

Theodore Karasik: [03:32](#) I'm the senior advisor to Gulf state analytics. I'm also the fellow for Russia and Middle East affairs at the Jamestown Foundation here in Washington, D.C.

Michelle Harven: [03:43](#) What does the defense establishment currently look like in the UAE?

Theodore Karasik: [03:48](#) UAE military is seeking and is probably the most powerful in the Middle East today and this has been an objective of Mohammad bin Ziad, the head of the armed forces since he was in the air force himself and this desire to create a robust UAE armed force is a dream come true now and that dream come true is continuing with high end purchases of equipment but also in terms of strategic direction and thinking of the way the Emirates look at the region now is that they are pushing for influence and control all the way across the northern part of Africa, Mauritania, Morocco, Algeria, Libya of course Egypt. And then you go down a little bit further south and you look at Chad and Mali and so on. This type of desire to project is something that the Emirati armed forces are seeking to do.

Michelle Harven: [04:59](#) How are they using contractors and maybe how is that unique to the UAE?

Theodore Karasik: [05:04](#) The system of contracting in the UAE is predicated from the early days of countering Somali piracy off of Somalia, particularly anti-piracy operations, all the way from the Gulf of Aden, all the way over to the Indian subcontinent. The pirates were operating in a very large maritime zone and it was very hard to police the way that the UAE handled this. It was to help create private military companies that would help to protect these assets on maritime sea lanes. And on top of that, you also had this desire to create this type of force that could be easily deployed. And that's where the presidential guard came in. But there were other entities smaller and it almost became a very

wild west market in terms of the private military companies that were being used by shipping companies and also by government to protect shipping at that time. So in that sense, you had a creation of this PMC culture in the UAE and that has grown since that time into a much wider model of being able to hire individuals who can fight on your behalf.

Michelle Harven: [06:32](#)

So there are relationships established, there are companies there, but I don't think we've answered two of the biggest question as to why, why are they there? There's some money there, but what is the draw for either Saudi Arabia and UAE for these companies, for retirees, why did it become the place?

Theodore Karasik: [06:54](#)

The UAE became the place to go because it was a place that welcomes this type of individual and this type of individual is something that the Emirates crave, if you will, because of what they can learn for their own creation of doctrine in operations. Now for an American to go over there, this is about quality of life because the quality of life in Abu Dhabi is very high. You have a good salary and you can enjoy and there's sports and travel nearby. So for an American to go over there, there's a lot of benefits and this is part of the attraction. But another part of the attraction is, is that folks who have worked this issue before Arabian peninsula, they want to keep working it. And this is what drives them. So maybe it's not so much money, but yeah, it is. But it's also because these individuals have been in this business for a long time and they want to continue and they see the UAE as a place that they know that they can do business with and because of these personal relationships.

Michelle Harven: [08:13](#)

And so the U.S. Has a pretty strong commercial relationship with the UAE. There's a lot of us companies that are awarded big contracts from the UAE. Can we sort of describe this sort of deep relationship between the U.S. and UAE?

Theodore Karasik: [08:31](#)

U.S.-UAE commercial relations are clearly very important in terms of the bilateral relationship. Uh, the UAE of course is the U.S. is number one counter terrorism ally in the Middle East. And that partnership is very important. Uh, having said that, the commercial relationship is continuing to grow. You have a Mubadala, which was the investment fund in Abu Dhabi making major investments in the United States over the past six to eight months. This is a further sign of commercial relationship between the U.S. And UAE. This is a topic that will continue to grow, if you will. However, there are some issues out there that need to be paid attention to in terms of the relationship, the U.S. UAE relationship. It can be a little tense because of Abu Dhabi's relationship with Moscow. There is also the UAE

operations in Yemen and in Libya that are making some parts of Washington quite upset.

Michelle Harven: [09:39](#) And we've, we've touched on Yemen a bit. Um, but I do want to focus on that because I think that's sort of an important piece of this as well, uh, and how contractors are being used. Uh, can we talk a little bit about how contractors in the UAE are being used in the Yemen conflict?

Theodore Karasik: [09:56](#) This topic of contractors in the Yemen conflict is very difficult to get your finger on because of multiple stories and, uh, disinformation or misinformation. There have been articles about several American personnel, ex military who are fighting in Yemen. These might be individual cases. And so we need to really explore them more. I think the more important point here about the use of mercenaries in Yemen by the Emirates or the Saudis is more dedicated towards those who are in the region already and have a specialty and that goes into a trade craft issue. That's very important to understand the trade craft of for a particular type of fighter on the ground, a merc is going to be different than one that is in a organized manner and I think that's important to draw the distinction as we begin to understand the use of these types of mercenary forces in Yemen, particularly if there are westerners involved from UK or from us.

Michelle Harven: [11:18](#) Eric Prince, he has ties to the UAE. He moved there in 2010 he helped build a force of foreign security workers for the UAE government and then created his company frontier services group out of Abu Dhabi. What's the significance here in that

Theodore Karasik: [11:33](#) The significance of Eric Prince's presence in Abu Dhabi was that he was able to begin to talk to Mohammad bin Ziad about the utility of private military companies. The first company that was made was R2. Then frontier and this progression was because of creating different companies for different purposes and also where they would eventually go. Prince's relationship with MBZ [Mohammad bin Ziad] is very tight, uh, or has been tight in the past. There have been disagreements of course as usual, but at the same time it's about that evolution. You saw Prince and R2 and then frontier stand up and see what they were beginning to do. And that is the genesis of the model. And so as you track Prince's career in the creation of PMCs, this is his vision of how warfare should be fought and specifically in terms of protection of assets but also doing it at far less costs. And when you put the numbers in front of a budget between a military op and a PMC op, the difference in price is extraordinary.

- Michelle Harven: [13:02](#) And I wanted to get into uh, education too just because I think it's part of the whole machine as well. You have, um, you have training, you have logistics, you have uh, weapons building, but then you also have military education which is uh, also sort of a lot of foreigners are, are helping that realm.
- Theodore Karasik: [13:24](#) First of all, we have to remember that in the UAE there are almost a dozen military colleges and those are part of the process for Emirates now that there is compulsory service that they are in these institutions and they're trained up in a particular way. Having said that, of course senior leaders go to Sandhurst and other prominent western military academies because that's just tradition in terms of the Gulf. So you see senior Emirate leaders such as MBZ, he went to Sandhurst. Now education now is a slightly different in terms of how westerners come in to teach Emirates military personnel, how to think and act. And it seems to me to be a collision of culture because you are taking American values and strategy and handed it over to Emirate who are Khaleeji and they have a particular outlook. They also know a lot more about the region than the Americans who are trying to teach them how to think. And there's a disconnect between how the U.S. teaches this and what the Emirates pick up. And this to me is a bit damaging because you have American companies who are teaching American standards and these people are very smart guy, give him big credit for how they think, but they don't understand the region and they don't understand these cultural attributes of which we've talked about. And when you don't understand that what you're trying to teach them does not work.
- Michelle Harven: [15:17](#) And you mentioned allegiance before. How does that play into sort of these, this model of PMC groups that are, that are going to be used sort of all over the globe?
- Theodore Karasik: [15:28](#) Allegiance of course is contractual first of all. And second of all is the culture. That culture also has a particular allegiance to it as well. The third point is is that there is no doubt the ability to hire these people and to give them that contract is something that's taken very seriously in these other cultures. And so those who sign up for this type of work know exactly what they're getting into.
- Michelle Harven: [16:03](#) More of an allegiance to the business rather than a country or state.
- Theodore Karasik: [16:07](#) Yes, I would argue that definitely it's definitely more of an allegiance to self and to income and security in that sense as opposed to the state. Now when you sign that contract,

obviously you are declaring yourself that you will protect that state's interests and that is appealing to the Emirates because they need that kind of support. But on top of that, they need these skill sets that these individuals bring because it's a force multiplier because these types of people can train others, especially in the field. And this is really important and that's where this PMC model begins to spread out a little bit in terms of how you conduct these kinds of operations.

- Desmon Farris: [17:01](#) We will be right back to talk about the U.S. Saudi defense relationship with Washington Post reporter Aaron Gregg.
- Michelle Harven: [17:07](#) Stay informed on all the news that matters most to the military community with a subscription to stars and stripes digital access. As a subscriber, you'll enjoy unlimited access to the stripes.com website and our stars and Stripes Mobile Apps updated 24 seven by reporters stationed at military bases around the globe. Subscribe today and enter the Promo Code podcast when signing up for a yearly subscription and receive 50% off your first year. Get exclusive access to special features, interactive articles, award-winning photography and more. Visit stripes.com/digital and enter the Promo Code "podcast" to subscribe today.
- Desmon Farris: [17:54](#) Recently the U.S. Saudi relationship has been under scrutiny after the murder of Washington Post contributor and Saudi journalist Jamal Khashoggi. In October of last year, Khashoggi was murdered in the Saudi consulate in Istanbul by Saudi operatives.
- Michelle Harven: [18:11](#) It kickstarted a national conversation on America's ties to the kingdom. The Washington Post even reported that those involved with the Khashoggi killing received training in the US so we wanted to get a better sense of the u s relationship with Saudi Arabia and with US companies for that. We brought on Washington Post staff writer Aaron Gregg. Can we start with just getting a sense for how much the Saudi government spends on us? Defense contracts?
- Aaron Gregg: [18:37](#) Sure. The numbers that we are aware from the Defense Department peg it about 90 billion in the last, uh, really 50 or 60 years. So that's sort of the scope of the U.S., Saudi military partnership. Um, as far as a year over year figure, uh, it was about 5.5 billion in 2017 according to Defense Department figures, uh, that's much smaller than the \$110 billion arms deal that Donald Trump, uh, is continually referenced. Uh, but it's not a small figure at all. Obviously. It's a very big slice of the international sales for U.S.-based, uh, weapons manufacturers,

- Michelle Harven: [19:14](#) The Saudi kingdom, um, they're one of the largest importers of us made weapons. What does this relationship look like?
- Aaron Gregg: [19:22](#) That's right. So, uh, the U.S. considers Saudi Arabia a strategic partner within the Middle East. That means that they want, uh, the Saudi military to be, I guess, well equipped to pursue its interest in the region as far as maintaining regional stability. Um, within the last few years, some of the major arms deals have involved a fad ballistic missile defense systems. Um, General Dynamics sells late armored vehicles there. Uh, Raytheon and Lockheed Martin both sell missiles, which are used base obviously to, um, carry out a war in Yemen.
- Michelle Harven: [20:00](#) Can we talk about that? What is going on there?
- Aaron Gregg: [20:02](#) Sure. The Saudi military has been fighting a long running campaign against Houthi rebels there. Uh, this has been supported by the U.S. in a variety of different ways. Um, human rights groups. Obviously you've raised concerns about, uh, the impact this has had on civilians. Uh, anytime you have a civil war, um, it's obviously not good for the country that that is a part of. Um, the U.S. Does not want to be directly involved in that, but, uh, you know, the, they are okay in, in certain cases with the Saudi military, uh, waging that war apparently with the u s weapons.
- Michelle Harven: [20:42](#) So was there any backlash with either human rights groups, lawmakers, anyone sort of watching how U.S. Companies are, are being involved this way?
- Aaron Gregg: [20:54](#) So there are Democrats on the Foreign Relations Committee within the U S Congress that had tried to block these arm sales entirely, particularly Senator Menendez, um, tried to hold up a Raytheon, uh, sale of precision guided munitions. Um, the White House is basically decided we're going to declare an emergency and blow through that. Um, so there's a lot that the White House can do without congressional approval on this, unfortunately.
- Michelle Harven: [21:21](#) Okay. So Trump is planning to sidestep congress for the Saudi arms sales. And do we know how much money these these deals are, or is that something that..?
- Aaron Gregg: [21:32](#) It's hard to say. Looking at the outset, these sorts of things can be modified moving forward. And when you do have a contract amount, it's just sort of a contract ceiling. Um, but what we do know is that for Raytheon specifically, um, a recent earnings

call, they picked the Saudi Arabian market as about 5% of their revenue. So that's a not insignificant amount for a company the size of Raytheon. Uh, basically what that means is that it's maybe one of their biggest customers besides the United States. So if that were to drop off the map entirely, he would have a significant impact on their business.

Michelle Harven: [22:08](#) And with the human rights abuses that we're seeing in Yemen, what's the reasoning to continue these sales,

Aaron Gregg: [22:15](#) The reasoning to continue these sales, anytime you ask, uh, proponents of arms sales about why to conduct an arms sale, it's, it usually has an intensely complicated geopolitical reasoning behind it. Sometimes it comes into the question of would they just buy it from somewhere else? Obviously there are Russian, Chinese manufacturers that they could go to. Um, when you have companies like Lockheed Martin and Raytheon selling, uh, weapons abroad, they usually are competing directly with foreign companies where you have a foreign buyers who are looking at a couple of different offerings that could potentially fulfill what they want. And the State Department in the U.S. they want the U.S. To be the one to sell those munitions. It gives us a degree of control over the direction of how they're used and the direction of foreign policy there.

Michelle Harven: [23:08](#) So it's not just money and jobs,

Aaron Gregg: [23:10](#) It's not just money in jobs. It's really about geopolitical influence. I think the money and jobs aspect of it, this is something that president Trump has been very eager to highlight in his own statements about it. But when you ask U.S. Defense contractors, um, they will actually say that the number of jobs that is supported by Saudi missile sales is actually pretty low. Uh, they're customer far and away. The, their most important customer far and away is the United States military military.

Michelle Harven: [23:41](#) Let's sort of talk about what even is the process U.S. companies to sell arms to the Saudis or any other foreign government for that matter.

Aaron Gregg: [23:50](#) So there are a few different entities within the U.S. government that have to sign off before a U.S. Company can sell weapons abroad, particularly when we're looking at military grade. Uh, there's an office at the State Department and at the Defense Department that both way different, uh, sides of every arms deal. Obviously the State Department is looking more at the human rights implications, the geopolitical implications, how

does this affect our alliances abroad, the security implications are handled by DoD. And then at any point, Congress can, um, sign off on these things after they are notified by the U.S. government.

Michelle Harven: [24:30](#) And do we know how many U.S. jobs would be affected if these deals didn't go through?

Aaron Gregg: [24:38](#) Somewhere on the order of a few thousand? Um, the executives that I've spoken with, nobody has an exact estimate because it's hard to say, ah, well if a contract was yanked, uh, from Saudi Arabia, you know, a lot the people that work on Hellfire missiles, for example, these are highly skilled individuals. They're not going to be put out on the street by Raytheon. If they lose a couple of hundred million dollars, they're going to be put to work on something else for the United States government perhaps. So the jobs that actually go directly to supporting, uh, Saudi military purchases are, there's somewhere on the order of thousands and it's unclear that those jobs even would go away if Saudi deals were canceled.

Michelle Harven: [25:22](#) So then how did the murder of Jamal Khashoggi affect business with Saudi Arabia

Aaron Gregg: [25:28](#) in the months after Jamal Khashoggi's murder us, defense contractors. We're basically telling investors, we're going to wait this out. We're going to be in lock step behind the U.S. government. Whatever they tell us we're going to do. And then at the same time, you had President Trump saying, we need to support these contracts. We need to support, uh, you know, these programs is much from a jobs perspective is from a security perspective. Um, so any effect that this has had on the margins of U.S. defense contractors is, has been pretty small so far. Uh, you know, we're still selling these, these fad, uh, ballistic missile defense systems. Uh, the general dynamics is still hoping to sell light armored vehicles on the order of \$15 billion to the kingdom. By and large, the financial relationship is intact even though the diplomatic side of things has been in a state of turmoil for months.

Michelle Harven: [26:23](#) And you wrote this story in February about General Dynamics. It affected a \$13 billion armored vehicle deal. Can you explain a little bit more about that situation? Maybe what that means?

Aaron Gregg: [26:34](#) General Dynamics is in this interesting situation where they have a production plant in a town called London, Ontario that's a Canadian production plant where they make a light armored vehicles. These are basically military grade vehicles that are sold

to the Kingdom of Saudi Arabia. That's a longterm contract that was signed by the previous conservative government and Justin Trudeau. He would probably like to be in a position where he doesn't have to take the political heat for that contract. He's in a very different situation than Trump is. For example, he, he, uh, does not want to be viewed as walking in lock step with Trump and he has not supported, uh, armed sales to the kingdom. He said he wants to cancel the contract, uh, if he could. General Dynamics has basically said, well, we have a signed contract. Um, you need to honor that commitment. And uh, my understanding is that that contract contains significant financial incentives where, uh, the Canadian government would have to pay quite a lot of money if they were to cancel it. And the meantime, the Saudis have been basically holding up that payment that they're sort of known in that defense contracting, uh, world as occasionally being late on payments. Uh, I know that sounds bizarre, um, but it's just something that they're known for. Uh, in this case, there's been sort of a long running diplomatic, uh, fight between Canadian government and Saudi Arabia about, uh, basically the, the human rights record of Saudi Arabia. The Canadian Foreign Ministry has criticized them on numerous occasions over various human rights abuses.

- Michelle Harven: [28:16](#) So where does that land? Are they still withholding?
- Aaron Gregg: [28:20](#) As of last month? Uh, General Dynamics told investors on their investor call that the issue was being resolved. It was close to being resolved or they're confident that the contract will not be canceled. Uh, and that appears to be the case. I'd be very surprised if Canada came out one day and said, uh, no, we're, we're just gonna eat the cost on that for the sake of, uh, not, you know, not having these weapons produced here and then shipped to Saudi Arabia. Uh, but yes, the financial impact or the cashflow impact as of last month, if it's been resolved, then the company has been quiet about it. A was somewhere on the order of 2.2 billion. That's, that's a lot of, of money that has been held up because of this.
- Michelle Harven: [29:06](#) And how are maybe his constituency in Canada, are they responding to this? Are they actively like, you should cancel this contract and we don't want to be involved in Saudi Arabia's businesses.
- Aaron Gregg: [29:19](#) It's well known enough there that when Justin Trudeau does town hall meetings in, uh, you know, rural parts of Canada, people will bring it up. They would say, why are you supporting this? Why are you following Donald Trump and selling weaponry to the kingdom? And he doesn't quite have a strong

answer. He says that we need to support jobs in Ontario, Canada, where this, this general dynamic plant is. Um, but at the same time, he was very early on calling this a murder. Even when, um, you know, all the facts were not quite that quite out there yet. Uh, Justin Trudeau has been very upfront about calling out the human rights abuses in Saudi Arabia.

- Michelle Harven: [30:01](#) So jobs seems to be sort of what politicians say when pressed on Saudi Arabia arms deals.
- Aaron Gregg: [30:08](#) That's right. That's right. I think it's sort of an easy go to answer for, for almost any, uh, for uh, government action. At certain times seems to be a go to answer.
- Michelle Harven: [30:20](#) What kind of goods and services is Saudi Arabia buying or what are they interested in buying?
- Aaron Gregg: [30:26](#) Some of the largest deals in recent memory include from Lockheed Martin, the THAAD ballistic missile defense system. These are basically ground based ballistic missile interceptors such that if anyone were to try to bomb a Saudi Arabia, they would be able to intercept it. Um, it's sort of seen as the state of the art, you know, us a solution for, for that. So obviously, um, you know, that is seen as something that, uh, the U.S. Would want them to have. Um, they're also buying laser guided bombs, which is seen as a little bit iffy from human rights perspectives because, um, in some cases these are, they, they go off course, they hit civilians. Um, but at the same time, um, you know, if you think about it, these are precision weapons which guide them to their target. So in theory they should make a, they should make the Saudi military more accurate as far as targeting, uh, their intended targets and not civilians.
- Michelle Harven: [31:29](#) Just in terms of maybe criticism or blow back that the U.S. Companies have had, have we seen either u s society like come out and criticized them or has there been any sort of impact on the businesses or is this maybe something that people are not caring about fully?
- Aaron Gregg: [31:50](#) I think that the U.S. defense manufacturers, they would prefer to operate in a world where, uh, the people that they are accountable to are the ones within the government making these decisions, who understand the security implications. Uh, they usually don't like to be involved in a national conversation about human rights. And whenever they can take the advantage to stay out of that conversation, they will. Uh, in this case, you know, I, I, I don't think that you have seen, you know, us, uh, citizens protesting in front of, you know, Raytheon factories or

Lockheed Martin factories. It just hasn't become an advocacy movement here. Um, haven't really even been tough questions about it the way you've seen in Canada, for example. So you, it is something that is definitely worrying investors that it has come up in a number of investor calls where they're unsure whether they will lose that important marketplace to them and whether doing business there will hurt the reputation of these companies more broadly. I guess the, the short answer is that Lockheed Martin and Raytheon, you know, they don't, they don't sell to the, to everyday consumers. They're selling to dod contract officers who are in a very different mindset than, than everyday individuals.

- Michelle Harven: [33:11](#) Yeah. I think Yemen atrocities, we've have seen a lot of that and that's been put out in the public. But knowing that maybe these are us arms that are going out there, do you think that would surprise people?
- Aaron Gregg: [33:24](#) They shouldn't. There's been a lot of great reporting on this topic. CNN actually found that a Lockheed Martin bomb was the one that was used, uh, to I guess errantly kill a school bus full of children a couple of years ago. Um, that's been known since before Jamal Khashoggi was murdered. Um, I guess the, all the facts really do seem to be out there. It's just a question of, you know, at what point does congressional scrutiny or scrutiny of the American public actually move the needle from a political perspective? I haven't, I haven't really seen any evidence you just said that that's happening at this point.
- Michelle Harven: [34:05](#) Thanks to Dr. Theodore Karasik and Aaron Gregg for coming on to talk with us.
- Desmon Farris: [34:10](#) Don't forget to subscribe and while you're there leave us a review. You can also let us know your thoughts at [podcast@stripes.com](mailto:podcast@stripes.com). Also follow us on Twitter for updates at Stars and Stripes.
- Michelle Harven: [34:21](#) Force for Hire's supervising editors are Bob Reid and Terry Leonard. Digital team lead and editor is Michael Darnell.
- Desmon Farris: [34:29](#) Thanks for listening. This is Force for Hire.